

**FEDERAL HOME LOAN BANK OF CHICAGO  
2015 AFFORDABLE HOUSING PROGRAM IMPLEMENTATION PLAN**

This Implementation Plan (the “Plan”) sets forth certain policies, procedures, guidelines and requirements applicable to the Affordable Housing Program (“AHP”) of the Federal Home Loan Bank of Chicago (the “Bank”), as required by Part 1291 of the Code of Federal Regulations governing the AHP (12 C.F.R. Part 1291) (“Regulations”). While the Implementation Plan includes pertinent information pertaining to the Bank’s AHP, the Plan is not intended to be a comprehensive statement of all of the Bank’s policies and procedures applicable to the AHP. In the event of a conflict between the Plan and the Regulations, the Regulations will govern.

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## **I. Median Income Standard**

Section 1291.3(a)(1) of the Regulations requires the Bank to adopt one or more applicable median income standards. Accordingly, the median income guidelines published annually by the U.S. Department of Housing and Urban Development are adopted as the income standard used by the Bank. Such income guidelines are posted on the Bank's Community Investment website at [www.fhlbc.com](http://www.fhlbc.com).

## **II. Requirements for the Bank's Competitive Program**

### **A. Funding Periods and Application Process**

1. In 2015 there will be a single funding round. The application deadline is 5:00 p.m. (CT) on June 26, 2015.
2. The Bank will accept applications for AHP subsidies under its Competitive Program only from institutions that are members of the Bank at the time the application is submitted to the Bank, and will award subsidies only to institutions that are members of the Bank at time of award approval.
3. Competitive Program applications must contain information sufficient for the Bank to:
  - a. Determine that the proposed AHP project meets the eligibility requirements pursuant to Sections II.B and II.C below; and
  - b. Evaluate the application pursuant to the Scoring Guidelines attached hereto as Exhibit II.

### **B. Regulatory Minimum Eligibility Requirements**

Projects receiving AHP subsidies pursuant to the Competitive Program must meet the following regulatory eligibility requirements:

1. *Owner-occupied or rental housing*

The AHP subsidy must be used exclusively for:

  - a. Owner-occupied housing. The purchase, construction, or rehabilitation of an owner-occupied project by or for very low-income, low-, or moderate-income households. A household must have an income meeting the income targeting commitments in the approved AHP application at the time it is qualified by the project sponsor for participation in such project.
  - b. Rental housing. The purchase, construction, or rehabilitation of a rental project, where at least 20 percent of the units in such project are occupied by, and affordable for, very low-income households. A household must have an income meeting the income-targeting commitments in the approved AHP application upon initial occupancy of the rental unit, or for projects involving the purchase or rehabilitation of rental housing that

already is occupied, at the time the application for AHP subsidy is submitted to the Bank for approval.

2. *Need for subsidy*

A project's estimated uses of funds must equal its estimated sources of funds, as reflected in such project's development budget. The difference between a project's sources of funds and uses of funds is the maximum amount of AHP subsidy such project may receive.

A project's sources of funds must include:

- a. Cash contributions by the sponsor, any funds from sources other than the sponsor, and estimates of funds the sponsor has obtained, or intends to obtain, from other sources, but which have not yet been committed to such project.
- b. In the case of owner-occupied projects where the sponsor extends permanent financing to the homebuyer, the sponsor's cash contribution must include any cash down payment from the buyer, plus the present value of any purchase note the sponsor holds on the unit. The present value of the note must be determined using a market rate of interest to discount the projected cash flows.
- c. Estimates of the market value of in-kind donations, volunteer professional labor and services, and sweat equity committed to the project should not be included as a source of funds.

3. *Project costs*

- a. A project's cash uses are the actual outlay of cash needed to pay for materials, labor, and acquisition or other costs of completing such project. Cash costs do not include in-kind donations, voluntary professional labor or services, or sweat equity. Non-cash costs should not be included as a use of funds.
- b. Taking into consideration the geographic location of a project, development conditions, and other non-financial project characteristics, the Bank will determine whether a project's costs, as reflected in such project's development budget, are reasonable in accordance with the Bank's project cost guidelines.
- c. The purchase price of property or services, as reflected in the project's development budget, sold to the project by a member providing the AHP subsidy to the project, or, in the case of property upon which such member holds a mortgage or lien, may not exceed the market value of such property or services as of the date the purchase price was agreed upon. In the case of "real estate owned property" sold to a project by a member providing an AHP subsidy to such project, or property sold to the project upon which the member holds a mortgage or lien, the market value of such property is deemed to be the "as-is" or "as-rehabilitated" value of such

property, whichever is appropriate, as reflected in an independent appraisal of such property performed by a state certified appraiser or licensed appraiser, as defined in 12 C.F.R. 564.2(j) and (k) respectively, within six months prior to the date the Bank disburses the AHP subsidy to a project. “As-rehabilitated” is defined as the prospective value of a property after all construction has been completed. This value reflects all expenditures for lease-up and occupancy that may be expected to have occurred at that point in time, which may or may not put the property at stabilized value.

4. *Project feasibility*

- a. Developmental feasibility. A project must be likely to be completed and occupied, based on relevant factors, as set forth in the Bank’s Project Feasibility and Cost Guidelines, attached hereto as Exhibit I, including, but not limited to, the development budget, market analysis, project timeline, and the project sponsor’s experience in providing the requested assistance to households.
- b. Operational feasibility of rental projects. A rental project must be able to operate in a financially sound manner, and in accordance with the Bank’s Project Feasibility and Cost Guidelines, attached hereto as Exhibit I, as projected in the project’s operating *pro forma*.
- c. The Bank will evaluate the operational and financial feasibility of a project and the need for AHP subsidy, as required by the Regulations, using the Project Feasibility and Cost Guidelines, attached hereto as Exhibit I.

5. *Financing costs*

The rate of interest, points, fees, and any other charges for all loans that are made for the project in conjunction with the AHP subsidy must not exceed a reasonable market rate of interest, points, fees, and other charges for loans of similar maturity, terms, and risk.

6. *Timing of AHP subsidy use*

At the time of application, the AHP subsidy must be likely to be drawn down by the project within 12 months of the date of approval of the application for AHP subsidy.

7. *Counseling costs*

AHP subsidies may be used to pay for counseling costs only where such costs are incurred in connection with counseling of homebuyers who actually purchase an AHP-assisted unit, and the cost of counseling has not been covered by another funding source, including the member.

*8. Refinancing*

A project may use an AHP subsidy to refinance an existing single-family or multi-family mortgage loan, provided that the refinancing produces equity proceeds, and such equity proceeds up to the amount of the AHP subsidy in such project must be used only for the purchase, construction, or rehabilitation of housing units meeting the applicable eligibility requirements of Section II.B of this Plan.

*9. Retention*

- a. Owner-occupied units will be subject to a five- (5) year retention agreement, as described in Section IV of this Plan.
- b. Rental projects will be subject to a fifteen- (15) year retention agreement, as described in Section IV of this Plan.

*10. Project sponsor qualifications*

Sponsor is defined as a not-for-profit or for-profit organization or public entity that (1) has an ownership interest in a rental project, or (2) is integrally involved in an owner-occupied project.

- a. For purposes of the definition of sponsor, “ownership interest” means that (i) the sponsor is the owner of the rental project, or (ii) the sponsor has an ownership interest (including any partnership interest) in the entity that is the owner of the rental project.
- b. For purposes of the definition of sponsor, “integrally involved” means the sponsor (i) exercises control over the development or management of an owner-occupied project, (ii) provides homebuyer or homeowner counseling, or (iii) qualifies borrowers and provides or arranges financing for the owners of the owner-occupied units.
- c. A project's sponsor must be qualified and able to perform its responsibilities as committed to in the application for an AHP subsidy.

*11. Fair housing*

A project, as proposed, must comply with applicable federal and state laws on fair housing and housing accessibility including, but not limited to, the Fair Housing Act, the Rehabilitation Act of 1973, the Americans with Disabilities Act of 1990, and the Architectural Barriers Act of 1969, and the project must demonstrate how such project will be affirmatively marketed.

*12. District eligibility requirements*

Pursuant to section 1291.5(c)(15)(i) of the Regulations, the Bank has adopted the following district eligibility requirements:

- a. The Bank will limit the amount of subsidy a member may apply for to a maximum of 25% of the subsidy announced for each application period. The limit will be calculated using the following parameters: 1) the order in which applications are in “Member Approved” status in AHP Online, and

2) for applications with member consortiums, 100% of the requested subsidy will be applied toward the 25% limit of each member.

b. The Bank will limit the amount of subsidy per project to \$850,000.

*13. Eligible and Ineligible uses of AHP subsidies*

For information regarding eligible and ineligible uses of AHP Subsidy, see the FHLBC's Eligible and Ineligible Uses of AHP Subsidy Policy.

The Bank may limit or deny funds for projects submitted to more than one Federal Home Loan Bank if such projects are the same or substantially similar.

The Bank has not adopted, and does not have a program for, revolving loan funds or loan pools.

**C. Program Minimum Eligibility Requirements**

Projects receiving AHP subsidies pursuant to the Competitive Program must meet the following program eligibility requirements:

*1. Committed Financing*

For rental projects utilizing the 9% Low Income Housing Tax Credit (LIHTC):

a. Projects without a 9% LIHTC reservation are eligible to submit an AHP application; however, should the application score highly enough to receive an AHP award, such award will be conditioned on the member/sponsor providing evidence of an LIHTC reservation within one year of the AHP award date.

For rental projects utilizing the 4% LIHTC:

b. The member/sponsor must provide: 1) an inducement resolution, 2) a duly executed Letter of Interest or Intent for the LIHTC equity, and 3) a duly executed bond commitment.

For rental projects not utilizing the 9% or 4% LIHTC and for all owner-occupied projects:

c. The member/sponsor must provide evidence of committed funding sources  $\geq 50\%$  of total development cost, exclusive of requested AHP and deferred developer fees. For projects in which the requested AHP subsidy is  $\geq 50\%$  of the total development cost, 100% of the remaining funds must be committed and evidenced.

*2. Substantially Complete Projects*

A single-building project is ineligible for AHP subsidy if it has received a Certificate of Occupancy and/or Certificate of Substantial Rehabilitation on or before June 26, 2015. If it has not received a Certificate of Occupancy and/or

Certificate of Substantial Rehabilitation as of June 26, 2015, the project is eligible so long as construction work is  $\leq 85\%$  complete.

In the case of multiple buildings, projects in which  $> 85\%$  of the units have received a Certificate of Occupancy and/or Certificate of Substantial Completion as of June 26, 2015 are ineligible for AHP subsidy.

3. *Non-AHP Sources (as a Percentage of Total Development Cost)*  
Non-AHP sources must be  $\geq 25\%$  of the total development cost.

4. *Zoning*

Identified sites must be appropriately zoned for the proposed use at the time of application submission. Exceptions at time of application submission may include unidentified sites and projects that have submitted an application to the zoning authority to have the site appropriately zoned for the proposed use.

5. *Site Control*

Site control is required for all projects utilizing identified sites.

6. *Status and Authority of Sponsor*

All sponsor applicants must submit a Certificate of Good Standing or Status (or equivalent) from the state in which the sponsor is incorporated. Additionally, if the proposed project is located in a state other than the state of sponsor incorporation, a Certificate of Authority (or equivalent) from that state must also be submitted.

Sponsor applicants attempting Project Sponsorship points should refer to the Guide for Sponsor Applicants for additional documentation requirements.

7. *Sponsor Experience*

Sponsors must demonstrate the capacity to fulfill all roles, responsibilities, and obligations throughout the entire AHP retention period. If the sponsor has little or no previous affordable housing development experience, it must partner with an experienced developer who will assume the primary developer role in the project. If the sponsor does not have affordable housing property management experience, it must partner with an experienced property management firm.

In addition to previous development and management experience, sponsors of previously approved AHP projects will be evaluated on:

- a. AHP project milestones, including subsidy disbursement, project completion, and timely submission of compliance reporting;
- b. Event(s) of non-compliance, including type and frequency of event(s), timeliness of communication by sponsor, and remediation efforts; and,
- c. Progress toward meeting project commitments.

**D. Scoring Guidelines**

The Bank's scoring system is described in detail in the Scoring Guidelines, attached hereto as Exhibit II.

**E. Approval of AHP Applications**

The applications receiving the highest overall scores will be reviewed by the Bank's Community Investment Officer and presented to the Bank's President. Those applications will then be recommended to the Affordable Housing Committee of the Bank's Board of Directors for award approval. Such Committee will approve applications for AHP subsidy in descending order starting with the highest scoring application until the total subsidy amount for the particular funding round, except for any amount insufficient to fund the next highest scoring application, has been allocated. The next four highest scoring applications will be recommended for approval as alternates, and within six months of approval, the Bank may fund such alternates if any previously committed AHP subsidies become available.

**F. AHP Applications: Post Approval**

*1. Project Changes*

An AHP Project is approved based on the information provided in the Application. The FHLBC must be notified of any proposed changes to the AHP Project.

For information regarding changes to an approved AHP Project see the FHLBC's Project Change Policy.

*2. Disbursements of AHP Subsidy*

Following Application approval, AHP Projects may request disbursement of the AHP Subsidy as set forth in the Disbursement Policy.

*3. Monitoring AHP Projects*

Following Application approval, AHP Projects will be subject to FHLBC monitoring. For additional information regarding the monitoring of AHP Projects, see the Monitoring Policy.

### **III. Requirements for the Bank's Set-Aside Program**

#### **A. Establishment of Set-Aside Program**

The Bank's Set-Aside Program will consist of two funding pools: a general pool (referred to as Downpayment Plus<sup>®</sup> or DPP<sup>®</sup>) and a restricted pool (referred to as Downpayment Plus Advantage<sup>®</sup> or DPP Advantage<sup>®</sup>.) In 2015, the Bank will allocate up to the greater of \$4.5 million or 35% of its annual required AHP contribution to the Set-Aside Program. At least one-third of the Bank's aggregate set-aside allocation will assist first-time homebuyers, as required in section 1291.2(b)(2) of the Regulations.

Members participating in DPP may access set-aside subsidies on behalf of eligible homebuyers or homeowners to whom they are providing first mortgages. Members participating in DPP Advantage may access set-aside subsidies on behalf of eligible homebuyers with first mortgage financing from a not-for-profit organization.

Unless otherwise noted, eligibility, funding, and monitoring requirements set forth below for the Set-Aside Program apply to both DPP and DPP Advantage.

#### **B. Eligible Applicants**

The Bank may only accept applications for its Set-Aside Program from institutions that are members of the Bank at the time of the member's submission of its application to the applicable program administrator. The program administrators are the Illinois League of Financial Institutions and the Wisconsin Partnership for Housing Development (collectively, the "Program Administrators").

#### **C. Minimum Eligibility Requirements**

The Bank's Set-Aside Program eligibility requirements include the following:

##### *1. Member allocation criteria*

The member will apply to the applicable Program Administrator for a reservation of funding for the homebuyer within 90 days prior to closing. Program Administrators will accept reservations from participating members after the allocation for the program year has been announced. Reservations will be granted on a first come/first served basis until program funds have been fully reserved.

The member limit for DPP is \$420,000 for the 2015 program year. There is no member limit for DPP Advantage funds. Program utilization will be monitored throughout the year, and if Bank management determines that the funds allocated to the Set-Aside Program are not likely to be reserved prior to year-end, the Community Investment Officer, based on an evaluation of needed down payment assistance within the Seventh District, is authorized to increase the member limit to up to \$800,000, effective on or after August 1,

2015. The Community Investment Officer will inform the Affordable Housing Committee of the Board of Directors and the Bank, and the Program Administrators will notify participating members, of any such change to the member limit for 2015.

2. *Eligible households*

Members must ensure the following requirements are satisfied:

- a. Households must have incomes that do not exceed 80% of median income for the area at the time of enrollment. The member will determine household eligibility and apply to the Program Administrator for a reservation for funding. The reservation date will be considered the “time of enrollment.”
- b. Households using the DPP subsidy to assist with the purchase of a home must complete a homebuyer education program. The homebuyer education program must include a financial literacy component, and must provide information alerting borrowers to practices characteristic of predatory and sub-prime lending. The program must be provided by an organization experienced in homebuyer or homeowner counseling.
- c. A minimum of one-third of households accessing DPP funds must be first-time homebuyers, pursuant to the first-time homebuyer requirement in section 1291.2(b)(2) of the Regulations. A first-time homebuyer is defined by the Bank as a household meeting any one of the following criteria:
  - i. An unmarried individual, or an individual and his or her spouse, who has/have not owned a home during the three-year period prior to the date of purchase of a home with AHP assistance.
  - ii. A divorced, legally separated, or widowed individual who has only owned with a (former) spouse.
  - iii. An unmarried individual, or an individual and his or her spouse, who has/have only owned a property that was not in compliance with state, local, or model building codes, and which cannot be brought into compliance for less than the cost of constructing a permanent structure.
- d. Homebuyers accessing DPP must contribute a minimum of \$1,000 toward the purchase of the home. Households using the DPP Advantage Program are not required to make the \$1,000 equity contribution.
- e. Households may only receive a DPP subsidy once every five (5) years.

3. *Maximum grant amount*

Grants to households cannot exceed \$6,000, except as provided below. Program utilization will be monitored throughout the year, and if Bank management determines that the funds allocated to the Set-Aside Program are not likely to be reserved prior to year-end, the Community Investment Officer, based on an evaluation of needed down payment assistance within the Seventh District, is authorized to increase the maximum grant amount per household to

up to \$12,000, effective on or after August 1, 2015. At any time during the year, the Community Investment Officer will have the discretion to allow a maximum grant amount per household of up to \$15,000, as well as other concessions or exceptions, as permitted by the Regulations, for grants made through the Set-Aside Program as part of any program implemented by the Bank to provide disaster relief, as authorized by the Bank's Board of Directors and announced on the Bank's public website. The Community Investment Officer will inform the Affordable Housing Committee of the Board of Directors and the Bank, and Program Administrators will notify participating members, of any such change to the maximum grant amount per household for 2015.

4. *Eligible uses of AHP direct subsidy*

Households must use the subsidy to pay for down payment, closing costs, counseling, or rehabilitation assistance in connection with the household's purchase or rehabilitation of an owner-occupied unit, including a condominium or cooperative housing unit or manufactured housing, to be used as the household's primary residence.

5. *Retention Agreement*

An owner-occupied unit purchased or rehabilitated using an AHP direct subsidy will be subject to a five- (5) year retention agreement per section IV of this Plan.

6. *Financial or other concessions*

a. Members accessing DPP set-aside funds for purchase or rehabilitation must:

- i. Fund or originate the first mortgage. The first mortgage may be funded or originated by a subsidiary of the member provided the member has greater than 50% ownership interest in the subsidiary, or by a subsidiary of the member's parent company provided the parent company has greater than 50% ownership interest in the subsidiary. The first mortgage may also be funded or originated by a member's parent company if the parent company has greater than 50% ownership interest in the member.
- ii. Provide financial or other incentives in connection with the related first mortgage financing. Payment to a Program Administrator of enrollment fees and/or processing fees cannot be passed on to the borrower and, as such, can be considered as incentives meeting this requirement.

b. Members accessing DPP Advantage funds are not required to provide financial concessions.

7. *Financing costs*  
The rate of interest, points, fees, and any other charges for loans made to households using the DPP subsidy for purchase or rehabilitation must not exceed a reasonable market rate of interest, points, fees, and other charges for loans of similar maturity, terms, and risk.
8. *Counseling costs*  
Set-aside funds may be used to pay for counseling costs provided by someone other than the member only where the costs are incurred in connection with counseling of homebuyers who actually purchase an AHP-assisted unit, and the cost has not been covered by another funding source, including the member. Counseling costs reimbursed by the set-aside funds may not exceed \$700 per household. If the member charges a fee for providing homebuyer or homeowner counseling, the set-aside subsidy will be reduced accordingly.
9. *Cash back to household*  
A member may provide cash back to a household at closing on the mortgage loan in an amount not exceeding \$250. The member must use any set-aside subsidy exceeding such amount that is beyond what is needed at closing for closing costs and the approved mortgage amount as a credit to reduce the principal of the mortgage loan or as a credit toward the household's monthly payments on the mortgage loan.

#### **D. Procedure for Funding Set-Aside Subsidies**

1. *Reservation of set-aside subsidies*  
The member will determine household eligibility and will apply to the applicable Program Administrator for a reservation of funding for the homebuyer. Program Administrators will accept reservations after the allocation for the program year has been announced to the Bank's members. Funds will be available on a first-come, first-served basis, until the member limit has been reached or the program funds have been fully reserved, whichever occurs first.
2. *Progress toward use of set-aside subsidies*  
The Bank requires its set-aside funds to be drawn down and used by members by the end of the first quarter of the year following the allocation year. If a member's reservation exceeds the 90-day period, the Program Administrator may allow, per Bank policy in effect at that time, an extension of the reservation. Likewise, if necessary, the Bank may allow an extension of the funds to be drawn down and used by members. If an extension is not granted, the reservation will be cancelled. The reserved amount will then be returned to the DPP general pool of funds.

3. *Disbursement of Set-Aside Subsidies*
  - a. At closing, the member will disburse its own funds and submit loan documentation and verification of eligibility to the Program Administrator. After review, the Program Administrator will submit the documentation to the Bank for reimbursement to the member. The Bank will:
    - i. Verify that the requesting institution is a member at the time of disbursement;
    - ii. Verify that there is an executed subsidy agreement between the Bank, the member, and Program Administrator pursuant to the Regulations; and
    - iii. Review each loan for certification of eligibility pursuant to the Regulations prior to member reimbursement.
  - b. The member or Program Administrator, depending on culpability, will be required to assume the liability for any
    - i. Subsidies made to an ineligible household, or
    - ii. Subsidies used for an ineligible purpose.

**E. Monitoring Policies for Set-Aside Program**

1. The Bank will require the member to certify, prior to each disbursement for each set-aside transaction, that:
  - a. The set-aside subsidy was provided to a household meeting all applicable eligibility requirements of section 1291.6(c) of the Regulations and the Bank's Set-Aside Program policies; and
  - b. All other applicable eligibility requirements in section 1291.6 of the Regulations and the Bank's Set-Aside Program policies are met.
2. The Bank will require the member to maintain, for the Bank's review, any documentation necessary for the Bank to determine whether assisted households meet all applicable eligibility requirements of section 1291.6(c) of the Regulations and the Bank's Set-Aside Program policies, including that the AHP-assisted units are subject to the retention agreements.
3. The Bank will review certifications provided by the member for each set-aside transaction prior to disbursement of the set-aside subsidy.
4. The Bank will establish and use a reasonable sampling plan to select households to be monitored, and to review the back-up documentation and any other documentation received by the Bank.

## IV. Retention Agreement Requirements

### A. Retention Agreements

The Bank will require retention agreements for its Competitive and Set-Aside Programs consistent with the requirements of section 1291.9(a)(7) and (a)(8) of the Regulations (the “Retention Vehicle”). Members will be required to secure the subsidy via a mortgage or other appropriate real property security instrument under applicable law, naming the Member as the secured party. Members will be responsible for ensuring that the Retention Vehicle and mortgage or other appropriate security instrument are enforceable under applicable law, are in the proper form for recording under applicable law, and are properly recorded. The Bank has provided sample retention agreements on its website at [www.fhlbc.com](http://www.fhlbc.com). While the Bank does not require that a Member/Project Sponsor use the sample retention agreements, if a Member/Project Sponsor makes any changes to the sample forms, or uses a different form of Retention Vehicle with respect to the project, the Member/Project Sponsor does so at their sole risk, and the obligations, duties, and liabilities of the Member/Project Sponsor under the Regulations shall still apply. If the retention agreement will differ substantially from the Bank’s sample retention agreements, the Member/Project Sponsor should contact the Bank.

1. Rental project requirements include:
  - a. The rental units, or applicable portion thereof, must remain occupied by, and affordable for, households with incomes at or below the levels committed to be served in the approved AHP application for the duration of the retention period;
  - b. The Bank or its designee is to be given notice of any sale or refinancing of the project occurring prior to the end of the retention period;
  - c. In the case of a sale or refinancing of the project prior to the end of the retention period, the full amount of the direct subsidy received by the owner must be repaid to the Bank, unless (i) the project continues to be subject, for the duration of the retention period, to a deed restriction or other legally enforceable retention agreement or mechanism incorporating the income-eligibility and affordability restrictions committed to in the approved AHP application, or (ii) if authorized by the Bank, in its discretion, the households are relocated due to the exercise of eminent domain, or for the expansion of housing or services, to another property that is made subject, for the remainder of the retention period, to a deed restriction or other legally enforceable retention agreement or mechanism incorporating the income-eligibility and affordability restrictions committed to in the approved AHP application; and
  - d. The income-eligibility and affordability restrictions applicable to the project terminate after any foreclosure.

2. Owner-occupied project requirements include:
  - a. The Bank or its designee is to be given notice of any sale or refinancing of the unit occurring prior to the end of the retention period;
  - b. In the case of a sale of the unit prior to the end of the retention period, an amount equal to a *pro rata* share of the direct subsidy, reduced for every full month the seller owned the unit, will be repaid to the Bank from any net gain realized upon the sale, unless (i) the unit is sold to a very low-, low-, or moderate-income household, or (ii) the unit was assisted with a permanent mortgage loan funded by an AHP subsidized advance;
  - c. In the case of refinancing of the unit prior to the end of the retention period, an amount equal to a *pro rata* share of the direct subsidy, reduced for every full month the seller owned the unit, will be repaid to the Bank from any net gain realized upon the refinancing, unless (i) the unit continues to be subject, for the duration of the retention period, to a deed restriction or other legally enforceable retention agreement or mechanism, or (ii) the unit was assisted with a permanent mortgage loan funded by an AHP subsidized advance.
  - d. The obligation to repay an AHP subsidy to the Bank will terminate after any foreclosure.
3. Inception of Retention Period:
  - a. For rental projects, the date of project completion will be considered the inception of the fifteen- (15) year retention period. For information on the definition of project completion, see the FHLBC's AHP Program Definitions.
  - b. For owner-occupied projects using the AHP subsidy for construction or purchase, the closing date from the HUD-1 settlement statement will be considered the inception of the five- (5) year retention period for that unit.
  - c. For owner-occupied projects using the AHP subsidy for rehabilitation only, the execution date of the retention documents will be considered the inception of the five- (5) year retention period for that unit.

Approved by the Board of Directors  
on the 11<sup>th</sup> day of December, 2014  
and amended on the 23<sup>rd</sup> day of February, 2015  
by the Affordable Housing Committee of the  
Board of Directors

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Its Corporate Secretary

## **EXHIBIT I**

### **Project Feasibility and Cost Guidelines for the Competitive Program**

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The Bank has established guidelines for determining project feasibility and the need for the requested AHP subsidy pursuant to section 1291.5(c)(4) of the Regulations. These guidelines serve as a benchmark for evaluating projects and may be used as a basis for adjusting or rejecting requests for a subsidy in the application, modification, and pre- and post-disbursement stages of a project. Exceptions to these guidelines will be considered by the Bank on a case-by-case basis based on an evaluation of information and supporting data justifying the need for such exception. Bank staff will make recommendations to the Affordable Housing Committee of the Bank’s Board of Directors.

All projects will be evaluated for reasonableness and a need for subsidy. Projects with values outside of the following guidelines must provide an explanation. Additionally, the guidelines for maximum values below will be utilized as a benchmark for determining over-subsidization.

Unless otherwise indicated, the following feasibility guidelines apply to both in-district as well as out-of-district (i.e., not in Illinois or Wisconsin) projects.

#### **Rental Projects: Development Budget**

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##### **Developer Fee**

The maximum developer / consultant fee as a % of development costs\* excluding developer and consultant fees are as follows:

<b>Project Units</b>	<b>Hard Costs as a % of total project costs</b>	<b>Maximum Fee</b>
1 – 24	≤ 25.0%	7.5%
25 or more	≤ 25.0%	7.5%

<b>Project Units</b>	<b>Hard Costs as a % of total project costs</b>	<b>Maximum Fee</b>
1 – 24	> 25.0%	15.0%
25 or more	> 25.0%	12.0%

**Note:** For projects involving an acquisition where there is an identity of interest between the buyer and seller, the maximum developer / consultant fee calculated as described above will be limited to 5% of the acquisition.

When the acquisition is initially arms’ length, but is followed by an acquisition where there is an identity of interest between the buyer and seller that is necessary to facilitate the project, the developer fee will not be limited to 5% of the acquisition.

\* The market value of donated or discounted land, labor, and materials will not factor into development costs for purposes of this calculation

##### **Tax Credit Pricing**

The sales price for Tax Credits is subject to the following guidelines:

<b>Tax-Credit Type</b>	<b>Minimum</b>	<b>Maximum</b>
LIHTC	\$0.83	N/A

**Capitalized Reserves**

<b>Reserve Type</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Of</b>
Lease-up Reserves: Used to cover expenses prior to stabilized occupancy	\$0	75%	Total operating expenses plus replacement reserves and all debt service payments, <b>excluding</b> cash flow notes during the absorption period identified in the market study.
Rental Assistance Reserves: Used to offset the loss of income from a rental assistance commitment	\$0	100%	Amount required per lender / syndicator documents. A detailed explanation of how the reserve was calculated, as well as how and when it will be used, must be provided. Note the FHLBC will evaluate the sizing and calculation of the reserves to determine reasonableness.
The sum of all other reserves	3 months	12 months	Total operating expenses plus replacement reserves and all debt service payments <b>excluding</b> cash flow notes.

**Hard Cost Contingency**

<b>Construction Type</b>	<b>Minimum</b>	<b>Maximum</b>
New Construction	5%	10%
Rehabilitation	8%	12%

**Rental Projects: Operating Budget**

**Debt Coverage Ratio**

The ratio of net operating income to all debt service payments **excluding** cash flow notes is subject to the following guideline throughout the 15-year operating pro-forma:

<b>Project type</b>	<b>Minimum</b>	<b>Maximum</b>
All projects	1.15	1.45

**Expense to Income Ratio**

For projects with little or no debt, the ratio of the sum of total operating expenses, replacement reserves, all debt service payments **including** cash flow notes, and deferred developer fee payments to effective gross income is subject to the following guidelines throughout the 15-year operating pro-forma:

<b>Project type</b>	<b>Minimum</b>	<b>Maximum</b>
All projects	85.0%	N/A

**Cash Flow**

The average annual per-unit cumulative cash flow throughout the 15-year operating pro-forma, net of the sum of total operating expenses, replacement reserves, all debt service payments **including** cash flow notes, and deferred developer fee payments, is subject to the following guidelines throughout the 15-year operating pro-forma:

<b>Project type</b>	<b>Minimum</b>	<b>Maximum</b>
All projects	\$100	\$500

**Trending Factors**

Annual cash-flow trending factors are subject to the following guidelines throughout the 15-year operating pro-forma:

<b>Factor Type</b>	<b>Minimum</b>	<b>Maximum</b>
Income	2%	3%
Expenses	3%	4%
Real Estate Taxes	3%	5%

Note: A minimum spread of 1% between the income and expenses trending factor is required.

**Vacancy Rates**

Annual operating income vacancy rates are subject to the following guidelines throughout the 15-year operating pro-forma:

<b>Project type</b>	<b>Minimum</b>	<b>Maximum</b>
All projects	5.0%	10.0%

**Operating Costs per Unit**

Annual per-unit operating expenses, net of real estate taxes, are subject to the following guidelines in the stabilized occupancy operating budget:

<b>Project type</b>	<b>Minimum</b>	<b>Maximum</b>
In-district projects	\$2,600	\$5,720

For out-of-district projects, Bank staff will apply the operating cost-per-unit guidelines determined by the Federal Home Loan Bank for the district where the project is located.

**Management Fee**

The property management fee, as a percentage of Effective Gross Income (EGI), is subject to the following guidelines:

<b>Project type</b>	<b>Minimum</b>	<b>Maximum</b>
All projects	3.0%	7.0%

**Reserve Funding**

Annual per-unit reserves funded through operations are subject to the following guidelines throughout the 15-year operating pro-forma:

<b>Replacement Reserves</b>		
<b>Construction Type</b>	<b>Minimum</b>	<b>Maximum</b>
New Construction	\$250	\$400
Rehabilitation	\$300	\$500

<b>Operating Reserves</b>		
<b>Project type</b>	<b>Minimum</b>	<b>Maximum</b>
All projects	\$0	Amount required per lender / syndicator documents. A detailed explanation of how the reserve was calculated, as well as how and when it will be used, must be provided. Note the Bank will evaluate the sizing and calculation of the reserves to determine reasonableness.

**Loan Interest Rates**

Interest rates on financing from any source are subject to the following guidelines:

<b>Project type</b>	<b>Minimum</b>	<b>Maximum</b>
All projects	0%	400 basis points above the Bank's CICA rate on the date the application round opens

## **Owner-Occupied Projects: Development Budget**

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### **Developer Fee**

The maximum developer / consultant fees are limited as follows:

<b>Project Type</b>	<b>AHP Activity</b>		<b>Developer Fee Eligible</b>	<b>Developer Fee %</b>	<b>Of</b>
	<b>Down Payment Assistance</b>	<b>New Construction / Rehabilitation</b>			
Consumer	X		No	N/A	N/A
Consumer		X	Yes	12%	Hard costs
Consumer	X	X	Yes	12%	Hard costs
Sponsor		X	Yes	12%	Development costs*
Sponsor	X	X	Yes	12%	Development costs*

\* Excluding developer and consultant fees. Additionally, the market value of donated or discounted land, labor, and materials will not factor into development costs for purposes of this calculation.

### **Homeowner Counseling Costs**

Per-household counseling costs subsidized by AHP subsidy are limited as follows:

<b>Project type</b>	<b>Minimum</b>	<b>Maximum</b>
Purchase of AHP assisted units	\$0	\$700
All other projects	\$0	\$0

### **Loan Interest Rates**

Interest rates on financing from any source are subject to the following guidelines

<b>Project type</b>	<b>Minimum</b>	<b>Maximum</b>
All projects	0%	400 basis points above the Bank's CICA rate on the date the application round opens

## All Projects: Adjusted Development Cost per Unit

The maximum adjusted development cost-per-unit guidelines for in-district projects are as follows:

<b>50+UNITS</b>	<b>0 bedrooms</b>	<b>1 bedroom</b>	<b>2 bedrooms</b>	<b>3 bedrooms</b>	<b>4+ bedrooms</b>
Wisconsin	\$89,587	\$117,878	\$129,853	\$149,331	\$171,731
Chicago Area*	\$161,168	\$212,063	\$233,269	\$268,260	\$308,499
Balance of Illinois	\$144,061	\$189,554	\$208,510	\$239,786	\$275,754

<b>25-49 UNITS</b>	<b>0 bedrooms</b>	<b>1 bedroom</b>	<b>2 bedrooms</b>	<b>3 bedrooms</b>	<b>4+ bedrooms</b>
Wisconsin	\$94,463	\$124,294	\$135,028	\$155,283	\$178,575
Chicago Area*	\$145,822	\$191,870	\$211,057	\$242,716	\$279,123
Balance of Illinois	\$120,524	\$158,585	\$181,034	\$208,189	\$239,418

<b>1-24 UNITS</b>	<b>0 bedrooms</b>	<b>1 bedroom</b>	<b>2 bedrooms</b>	<b>3 bedrooms</b>	<b>4+ bedrooms</b>
Wisconsin	\$77,207	\$101,588	\$112,875	\$129,807	\$149,277
Chicago Area*	\$109,366	\$143,903	\$158,293	\$182,037	\$209,343
Balance of Illinois	\$90,393	\$118,938	\$130,832	\$150,457	\$173,026

\*The Chicago Area is defined as the counties of: Cook, DeKalb, DuPage, Kane, Kendall, Lake, McHenry, and Will.

For in-district projects, the adjusted development cost-per-unit is calculated as follows:

<b>Adjusted Development Cost Per Unit Calculation by Project and Activity Type</b>	
<b>Rental Projects</b>	
Acquisition Only	The quotient of the project's building acquisition costs as the numerator and the total number of units in the project as the denominator
All Others	The quotient of the sum of the project's construction costs, rehabilitation costs, on-site improvements, demolition, contingency, builders overhead, builders profit, and general requirements as the numerator and the total number of units in the project as the denominator
<b>Owner-Occupied Projects</b>	
All	The quotient of the sum of the project's construction costs, rehabilitation costs, modular costs, on-site costs, demolition, contingency, builders overhead, builders profit, and general requirements as the numerator and the total number of units in the project as the denominator

For out-of-district projects, Bank staff will apply the development cost-per-unit guidelines determined by the Federal Home Loan Bank for the district where the project is located.

If the adjusted development cost-per-unit exceeds the applicable FHLB guideline, the Bank will further analyze costs using its internal cost model.

## EXHIBIT II Scoring Guidelines

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Projects meeting all eligibility requirements will be reviewed and scored based on nine scoring criteria that total 100 points. Each of the nine scoring criteria has been assigned a maximum point value. Fixed-point criteria (*i.e.*, pass/fail) are those that cannot be satisfied in varying degrees (“Fixed”). Applications meeting a fixed-point criterion will receive the maximum number of points allocated to that category. Variable-point criteria are those where there are varying degrees by which an application can satisfy the criteria (“Variable”).

### 1. DONATED / DISCOUNTED GOVERNMENT OR OTHER PROPERTIES |

#### 5 Variable Points

The creation of housing opportunities using a significant proportion, defined as  $\geq 20\%$ , of land or units donated or conveyed at a discount of  $\geq 20\%$  below the fair market value. Rehabilitation-only projects that do not involve the acquisition of land or units/buildings are not eligible to receive points in this category.

With the exception of the Federal government or any agency or instrumentality thereof, the property must be donated or conveyed by an entity not related to, or affiliated with, the member, sponsor, or owner through ownership or control.

Long-term leases of fifteen (15) years or more with a nominal annual rent payment of no more than \$100 annually qualify as donated.

The formula below must result in  $\geq 1.00$  in order for applicants to receive a score in this category. For projects with both donated and discounted land and/or units the score will be the sum of the donated and discounted calculations.

Points are awarded based on the following formula:

$$\left[ \frac{B}{A} \right] \times 5 = \text{POINT(S)}$$

For land or units donated:

A = Total number of units or total square feet of land in the project

B = Number of units or total square feet of land donated to the project

For land or units conveyed at a discount:

A = Fair market value of total units and/or total square feet of land not donated in the project

B = Fair market value of total units and/or total square feet of land not donated in the project, less the total amount of conveyance

## 2. PROJECT SPONSORSHIP | 5 Points

<b>Rental Projects   5 Variable Points</b>	
3 points	Criterion 1: Sponsor must be a not-for-profit organization, a state or political subdivision of a state, a state housing agency, a local housing authority, a Native American Tribe, an Alaskan Native Village, or the government entity for Native American Home Lands, <b>and</b> have an ownership interest that exceeds 50% of the managing member, general partner, or overall property ownership.
2 points	Criterion 2: If Criterion 1 is met, then two additional points are available if the sponsor plays at least two of the four following integral roles in the project by directly exercising operational control* by: (1) developing the project, (2) providing property management of the project, (3) directly providing empowerment services as defined in this Plan, or (4) directly providing supportive services to the residents of a permanent supportive housing project as defined in this Plan. A co-developer role is not considered an integral role. *Operational control is defined as the sponsor entity directly developing or managing the project or providing the empowerment or supportive services, or the sponsor having an ownership interest that exceeds 50% of the entity/entities that is/are.

<b>Owner-Occupied Projects   5 Fixed Points</b>	
5 points	Sponsor must be a not-for-profit organization, a state or political subdivision of a state, a state housing agency, a local housing authority, a Native American Tribe, an Alaskan Native Village, or the government entity for Native American Home Lands; <b>and</b> play at least two of the three following integral roles in the project by: (1) managing the construction or rehabilitation of 100% of the units, (2) directly providing at least one empowerment service as defined in this Plan, or (3) qualifying borrowers and arranging financing for the owners of the housing units.

## 3. TARGETING | 20 Variable Points

The Bank will consider the extent to which the project creates housing for very low-, low-, or moderate-income households. For purposes of this scoring criterion, applications for owner-occupied and rental projects will be scored separately. To the extent the applicable formula

below returns a negative result, zero points will be awarded in this category. To the extent the applicable formula returns a result greater than 20, the maximum number of points available in this category (*i.e.*, 20) will be awarded.

**Rental Projects**

Points will be awarded to projects that finance the purchase, construction, and/or rehabilitation of rental housing, of which  $\geq 20\%$  of the units in the project will be occupied by very low-income households with incomes  $\leq 50\%$  of area median income (“AMI”). For rental projects, units must be retained as affordable for fifteen (15) years.

- a. Rental projects where  $\geq 60\%$  of the total units will be occupied by, and affordable to, very low-income households ( $\leq 50\%$  of AMI) will receive 20 points.
- b. Rental projects that do not meet the 60% very low-income criteria will be awarded points on a declining scale based on the percentage of units in a project that are reserved for very low-income households and on the percentage of remaining units reserved for moderate-income households. Rental projects will be scored using the following formula:

$$25 \left[ \frac{B - (.20(A))}{.80(A)} \right] + 16 \left[ \frac{C}{.80(A)} \right] + 8 \left[ \frac{D}{.80(A)} \right] + 0 [E] = \text{POINT(S)}$$

- Where:
- A = Total Number of Units
  - B = Number of Units  $\leq 50\%$  of AMI
  - C = Number of Units  $> 50\%$  and  $\leq 60\%$  of AMI
  - D = Number of Units  $> 60\%$  and  $\leq 80\%$  of AMI
  - E = Number of Units  $> 80\%$  of AMI

**Owner-Occupied Projects**

Points will be awarded to projects that finance the purchase, construction, and/or rehabilitation of owner-occupied homes for low- and moderate-income households, in that priority order. For owner-occupied projects, incomes cannot exceed 80% of the AMI and units must be retained as affordable for five years.

Owner-occupied projects will be awarded points on a declining scale. Those with the greatest percentage of households with low incomes ( $\leq 60\%$  of AMI) and moderate incomes ( $> 60\%$  and  $\leq 80\%$  of AMI), in that order, will receive the most points. A weighted average is calculated with the greater weight given to low-income households. The following formula is used to determine the score:

$$20 \left[ \frac{B}{A} \right] + 12 \left[ \frac{C}{A} \right] = \text{POINT(S)}$$

Where: A = Total Number of Units

B = Number of Units  $\leq$  60% of AMI

C = Number of Units  $>$  60% and  $\leq$  80% of AMI

#### **4. HOUSING FOR HOMELESS HOUSEHOLDS | 5 Fixed Points**

Projects that (1) create rental housing, excluding overnight shelters, reserving 20% of the AHP-assisted units for homeless households, (2) create transitional housing for homeless households permitting a minimum of six (6) months of occupancy, or (3) create permanent owner-occupied housing reserving 20% of the AHP-assisted units for homeless households, are eligible to receive five points.

For purposes of this scoring criterion, homelessness is defined as:

- Individuals and families who lack a fixed, regular, and adequate nighttime residence and includes a subset for an individual who is exiting an institution where s/he resided for ninety (90) days or fewer and who resided in an emergency shelter or a place not meant for human habitation immediately before entering that institution.
- Individuals and families who will imminently lose their primary nighttime residence.
- Unaccompanied youth and families with children and youth who are defined as homeless under other federal statues who do not otherwise qualify as homeless under this definition.
- People who are fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions that relate to violence against the individual or a family member.

#### **5. PROMOTION OF EMPOWERMENT | 5 Variable Points**

Up to five points are available for projects that empower residents by providing housing in combination with the services identified below. Empowerment services are: (1) intended to increase the economic self-sufficiency of a household, and (2) not integral to the operation of the housing. Proposed services must be appropriate for the target population of the housing.

Five points will be given for projects committing to three services from the list below.

Three points will be given for projects committing to two services from the list below.

One point will be given for projects committing to one service from the list below.

Empowerment services eligible for points:

- Employment services (*i.e.*, employment/career counseling, job training and/or placement)
- Financial literacy, independent of homebuyer education and/or pre-purchase counseling
- Education related to economic empowerment (*e.g.*, English as a Second Language (“ESL”), General Educational Development (“GED”), High School Equivalent Diploma (“HSED”), or computer classes)
- Youth education programs serving as a substitute for child care, or those that create employment and/or volunteer opportunities for youth
- Assistance accessing benefits and/or entitlements that provide income and/or reduce the cost of living
- Assistance with preparing income tax returns, including determining eligibility for the Earned Income Tax Credit (“EITC”)
- Pre-purchase homebuyer education and counseling that adopts the National Industry Standards for Homeownership Education and Counseling. (Note: Must be mandatory for all AHP-assisted homebuyers.) The Standards are available at [www.homeownershipstandards.com](http://www.homeownershipstandards.com).
- Post-purchase homeowner counseling that adopts the National Industry Standards for Homeownership Education and Counseling. (Note: Must be mandatory for all AHP-assisted homebuyers/homeowners.) The Standards are available at [www.homeownershipstandards.com](http://www.homeownershipstandards.com).

## **6. DISTRICT PRIORITY 1 | 16 Variable Points**

### **a. SPECIAL NEEDS | 5 Fixed Points**

The financing of housing where 20% of the AHP-assisted units are reserved for occupancy by households with special needs are eligible to receive five points.

For purposes of this scoring criterion, special needs populations are defined as individuals with physical, mental, or developmental disabilities.

The individual with the qualifying special need(s) is not required to be the head of the household.

Alternatively, the financing of housing that is visitable by persons with physical disabilities who are not occupants of such housing qualifies for five points in this scoring criterion. A visitable unit must include these three features: (1) at least one zero-step entrance approached by an accessible route on a firm surface proceeding from a driveway, accessible parking lot, or public streets or sidewalks; (2) doorways that are 32 inches clear throughout the floor plan of the unit; and (3) basic access to at least one half-bath/powder room on the main floor.

Projects subject to the design and construction requirements of the Federal Fair Housing Act are not eligible for visitable points.

The commitment of units in this category may be a combination of those occupied by individuals with special needs and those that are visitable.

**b. RURAL HOUSING | 6 Fixed Points**

Projects in which 50% of the AHP-assisted units are located in a rural area are eligible for six points.

The Bank's definition of a rural area will be consistent with the Rural Housing Service, U.S. Department of Agriculture definition per 7 C.F.R. § 3550.10. To determine if a particular location is designated as rural, please refer to:

<http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>

**c. IN-DISTRICT PROJECTS | 5 Fixed Points**

Projects in which 100% of the AHP-assisted units are located within the states of Illinois and/or Wisconsin (*i.e.*, the Seventh District) are eligible for five points.

**7. DISTRICT PRIORITY 2 | 11 Variable Points**

**a. PROJECT READINESS | 5 Fixed Points**

In an effort to resolve the critical shortage of affordable housing in a timely manner, a rental project that demonstrates readiness in accordance with all of the following criteria is eligible for five points:

- 1) Committed funding sources of  $\geq 50\%$  (exclusive of requested AHP subsidy and deferred developer fee) of total development costs;
- 2) Site control for the project as evidenced by a fee simple interest in the property or a fully executed, binding agreement to purchase, lease, or donate the property; and,
- 3) Site must be currently zoned for the proposed use. For multiple or scattered-site projects, all parcels must be currently zoned for the proposed use(s).

**b. MEMBER FINANCIAL PARTICIPATION | 6 Variable Points**

This scoring criterion measures the extent to which a member or members of the Bank participate(s) **financially** in a project, excluding pass-through of the AHP subsidy.

The sum total of a member's or members' financial participation will be used to determine points in this scoring criterion. A member's or members' financial participation in a pooled loan or investment fund is not eligible for consideration. Housing Associates of the Bank are not considered members for the purposes of this scoring criterion.

Sponsor-driven owner-occupied projects are only eligible for points associated with short-term financing (*i.e.*, construction loan or bridge loan).

<b>Rental Projects</b>	
5 points	<p>If a member or members of the Bank provide(s) long-term financing with a minimum term of fifteen (15) years to the project (<i>i.e.</i>, permanent financing, letter of credit for credit enhancement, direct purchase of tax credits, or purchase of tax credits through a proprietary investment fund ), the sum total of which constitutes <math>\geq</math> 10% of total development cost.</p> <p>Projects consisting of rehabilitation-only are eligible to receive points for long-term financing only if a member or members of the Bank commit(s) to provide financing for the proposed rehabilitation <math>\geq</math> 10% of total development cost.</p>
2 points	<p>If a member or members of the Bank provide(s) long-term financing with a minimum term of fifteen (15) years to the project (<i>i.e.</i>, permanent financing, letter of credit for credit enhancement, direct purchase of tax credits, or purchase of tax credits through a proprietary investment fund), the sum total of which constitutes <math>\geq</math> 5% and <math>&lt;</math> 10% of total development cost.</p>
1 point	<p>If a member or members of the Bank provide(s) intermediate or short-term financing to the project (<i>i.e.</i>, construction or bridge loan, or performance guaranty letters of credit), the sum of which constitutes <math>\geq</math> 10% of total development cost.</p>

<b>Owner-Occupied Projects</b>	
6 points	If a member or members of the Bank will definitively provide financing with a minimum loan term of five (5) years to $\geq 75\%$ of all qualified homebuyers/homeowners.
3 points	If a member or members of the Bank will provide only short-term financing to the project ( <i>i.e.</i> , construction loan or bridge loan) or will definitively provide financing with a minimum loan term of five (5) years to $\geq 25\%$ and $< 75\%$ of homebuyers/homeowners.
1 point	If a member or members of the Bank will provide financing with a minimum loan term of five (5) years to $\geq 10\%$ and $< 25\%$ of homebuyers/homeowners.

**8. AHP SUBSIDY PER UNIT | 10 Variable Points**

The Bank will consider how effectively the project uses AHP subsidy dollars. Scoring is based on the extent to which the project proposes to use the least amount of AHP subsidy per AHP-targeted unit (units  $\leq 80\%$  of AMI), *i.e.*:

$$\frac{\text{AHP Subsidy}}{\# \text{ of units } \leq 80\% \text{ AMI}} = \$ \text{ Subsidy per Unit}$$

Rental	
\$ Subsidy per Unit	Points
\$15,000 or less	10
\$15,001 - \$16,000	8
\$16,001 - \$17,000	6
\$17,001 - \$18,000	4
\$18,001 - \$19,000	2
Over \$19,000	0

Owner-Occupied	
\$ Subsidy per Unit	Points
\$6,000 or less	10
\$6,001 - \$6,500	8
\$6,501 - \$7,000	6
\$7,001 - \$7,500	4
\$7,501 - \$8,000	2
Over \$8,000	0

**9. COMMUNITY STABILITY | 23 Variable Points**

The Bank seeks to promote projects that incorporate characteristics of stable, vibrant, and inclusive communities. Points are available for the following criteria:

6 points	<p>Rehabilitation of single family housing (<i>i.e.</i>, structures with four or fewer units).</p> <p>75% of the total AHP-assisted units in the project must meet the criteria to receive the points.</p>
5 points	<p>Promotion of homeownership, defined as projects involving down payment assistance with AHP subsidy.</p> <p>100% of the AHP-assisted units in the project must meet the criteria to receive the points.</p>
4 points	<p>Elimination of blighting influences, defined as projects involving one or more of the following characteristics:</p> <ul style="list-style-type: none"> <li>• The inclusion of foreclosed properties and/or properties acquired via a short-sale</li> <li>• The acquisition and rehabilitation of vacant and/or abandoned buildings that will become and/or be incorporated into the AHP-assisted project</li> <li>• The demolition of a vacant and/or abandoned structure that will be replaced with the AHP-assisted project, <i>or</i></li> <li>• The utilization of one or more infill lots.</li> </ul> <p>50% of the AHP-assisted units in the project must meet the criteria to receive the points.</p>
3 points	<p>Projects incorporating permanent supportive housing units. Permanent supportive housing is defined as having <i>all</i> of the following characteristics:</p> <ul style="list-style-type: none"> <li>• Targeted to individuals and/or families with a history of homelessness (as defined in this Plan) or living for extended periods of time in institutional care, <i>and</i></li> <li>• Have at least one disabling condition (including if a child has a disabling condition), <i>and</i></li> <li>• Housing units are designed to allow the tenant(s) to live independently (<i>i.e.</i>, full private kitchen and bath facilities), <i>and</i></li> <li>• Affordable to households at <math>\leq 30\%</math> of area median income, <i>and</i></li> <li>• Supportive services are designed to increase rates of housing stability and retention, <i>and</i></li> <li>• Tenants have leases and participation in supportive services is not a condition of tenancy</li> </ul> <p>20% of the AHP-assisted units in the project must meet the criteria to receive the points.</p>

2 points	<p>Preservation of affordable rental housing with land use, restrictive use, or tax credit covenants that have expired or will expire within five (5) years of the date of application. Expiring Annual Contributions Contracts (“ACC”) are not eligible for points in this criterion.</p> <p>100% of the AHP-assisted units in the project must meet the criteria to receive the points.</p>
2 points	<p>Projects in a Census tract(s) where the median income equals or exceeds the median income for the county or metropolitan area (<i>i.e.</i>, ‘mixed-income locations’).</p> <p>75% of the AHP-assisted units in the project must meet the criteria to receive the points.</p>
1 point	<p>Certification of consistency with neighborhood, community, or local planning efforts, excluding Consolidated and/or Annual Action Plans.</p>